



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.
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Business*

February 18, 2009

To: Senator Eric Coleman, Co-Chairman
Representative Brendan Sharkey, Co-Chairman
Members of the Planning & Development Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: Proposed Bill 376, An Act Authorizing Differentiated Mill Rates in Municipalities
Proposed Bill 379, AAC Land Value Taxation
Proposed Bill 392, An Act Authorizing Municipalities to Adopt Land Value Taxation
Proposed Bill 393, AAC Municipal Revenue Diversification
Proposed Bill 397, AAC Municipal Revenue Diversification
Proposed Bill 5540, AAC Municipal Revenue Diversification
Proposed Bill 5542, An Act Authorizing Towns to Levy Certain Taxes

The HBA of Connecticut is a professional trade association with almost one thousand, three hundred (1,300) member firms statewide, employing tens of thousands of Connecticut citizens. Our members are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to this diverse industry. We also created and administer the Connecticut Developers Council, a professional forum for the land development industry in the state.

We support adopting land value taxation (LVT) authority for municipalities. This new property tax tool is contained in each of the above-referenced bills. LVT, which essentially authorizes a different mill rate on undeveloped land from developed land (e.g., land versus buildings on land), is a property tax system that can be used by a municipality to promote development of areas or parcels the municipality wants to be developed or redeveloped. It has been used successfully to reinvigorate and encourage economic development in other jurisdictions.

However, most of the proposed bills above would limit LVT to certain municipalities. Proposed Bill 392 is written to be most inclusive. We believe LVT is a tool that could be used by any municipality and, therefore, the authority should extend statewide. Smaller municipalities, even rural towns, may want to encourage the development of a village center or redevelopment of an old, abandoned mill or other buildings. This new authority should also be made clear that it can be applied to specific areas or parcels of a municipality so a municipality can fully target its beneficial incentives to those particular properties or areas it would like to see developed. Every community has some places it would like to see better utilized (developed or redeveloped). Limiting this new tool to only cities places smaller suburban or rural towns at a disadvantage and without a proven tool to help them relieve property tax burdens.

Thank you for the opportunity to comment and your consideration of our views on this issue.